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Problems of World Rice Trade

Mexican Farm Output Rebounds From '69 Drought—Is Hit By Another

Foreign Agricultural Service
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This week's cover:

Farmer takes paddy rice from seedbed in Thailand, the world's second largest rice exporter after the United States. (Photo: FAO) See article beginning on this page.

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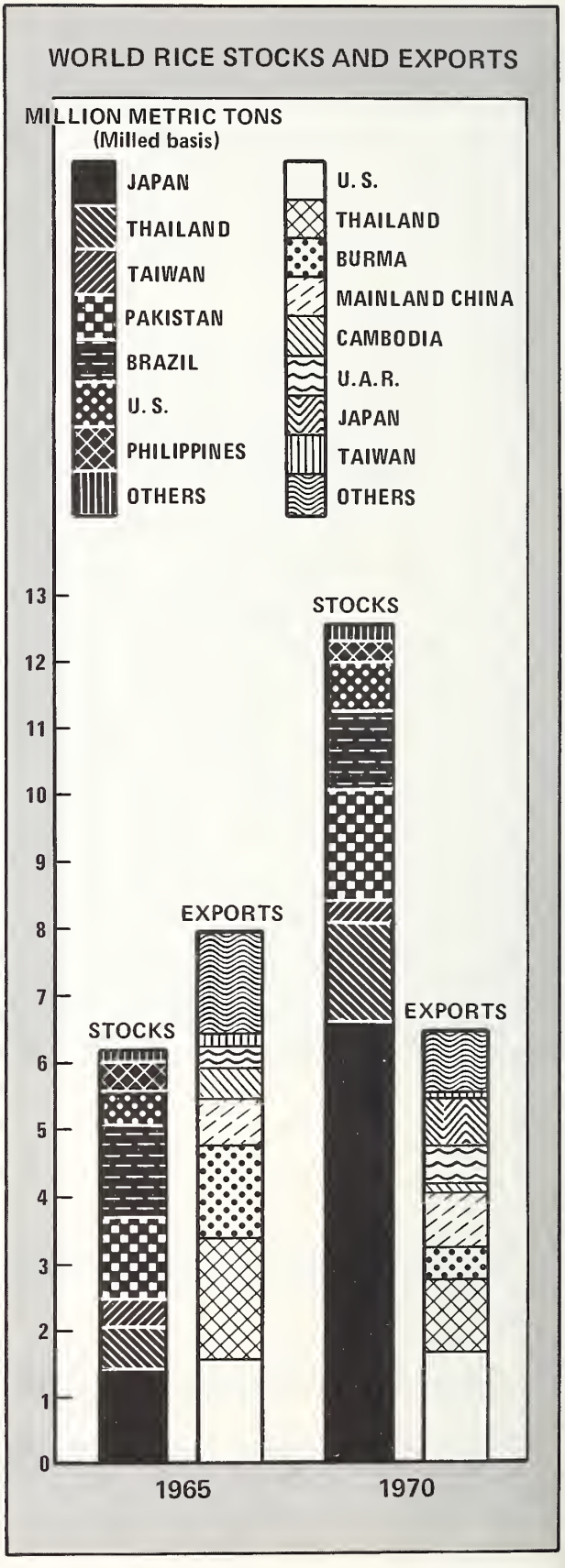


Surplus Stocks Trouble World Rice Trade

By JAMES W. WILLIS
Grain and Feed Division
Foreign Agricultural Service

Five consecutive years of increased world rice production and enlarged stocks among both exporting and importing nations have resulted in growing difficulties for traditional rice exporters. Expanded export availability is enabling importing countries to acquire their rice from a larger variety of sources, while the current accumulation of stocks has caused prices to decline to levels that existed during the early 1960's.

If rice production continues its upward trend, causing the tone of the market to shift in favor of buyers, the United States and other exporting countries will suffer further from reduced sales, depressed world prices, and, therefore, lower overall receipts. In some cases, exporters seeking markets are increasing their use of subsidies or shipments under special terms.

U.S. rice exports, which have maintained a relatively high level in recent years, declined from 1.85 million metric tons in 1969 to an estimated 1.69 million tons in 1970. However, due to acreage reductions of 10 percent in 1969 and 15 percent in 1970, total U.S. rice exports as a percent of production remained at the level of 64 percent recorded in 1969.

World rice production in 1970 reached 197 million metric tons (excluding Communist China's output of about 96 million tons). This fourth straight record crop exceeded the 1969 crop by over 3 million tons and was 15 percent above the 1964–68 average.

High-yielding varieties—such as IR–5, IR–22, and C4–63—are having a growing influence on world production and thus trade, with over 17 million acres planted or harvested under these varieties in Asia by 1969. The bulk of the increased rice production in 1970 occurred in India, Indonesia, South Vietnam, Taiwan, and Burma. Each of these countries, with the exception of Taiwan, has greatly expanded its use of high-yielding varieties.

Further increases in Asia's rice output, which accounts for about 85 percent of world production, will depend on the continued success of improved rice varieties. However, favorable growing conditions—chiefly brought about by good weather—also will play an important role. This has been illustrated by the failure of rice output to grow rapidly in the Philippines in the past few years even though one-third of the total rice area was planted to high-yielding varieties.

Higher output in deficit producing sectors also has been spurred by additional income from higher support prices. The high world prices during 1966–67 enticed many countries to increase their rice support in an effort to reduce costly imports or even to create an exportable supply. Although it is unlikely that many importing countries will reach their production goals or achieve self-sufficiency within the next few years, the ability of production to outpace domestic consumption probably will continue to reduce import requirements in several of these countries.

FAO Studies World Rice Economy

Representatives of 32 rice producing and importing nations and seven international organizations met in Rome, May 24-29, at the fifteenth session of the Food and Agriculture Organization's Rice Study Group. The Study Group issued a final report on the current world rice situation and a set of guidelines on production and trade policies.

The final report, to be submitted to the next session of FAO's Committee on Commodity Problems (CCP), concluded that the immediate outlook is for a continuation of depressed rice prices and that current rice trade problems are likely to persist and could worsen over the next 3 to 4 years.

Noting that export earnings from rice in developing countries have dropped for the fourth consecutive year, the report pointed to oversupply as the basic cause of current rice trade problems. Expanded production in importing countries and a doubling of exports from Italy and Japan—which more than offset the decline in U.S. exports—contributed to the situation.

The Study Group will recommend to the Director General of FAO, through CCP, guidelines to be sent to member governments which it believes could mitigate the present rice trade problems. The guidelines include the following recommendations:

- During periods of oversupply, developed rice exporting countries should attempt to reduce production or avoid encouraging increased production.
- Countries with surplus stocks should institute a policy to reduce production and promote domestic use of surplus rice.
- Recourse to export subsidies and payments of restitutions on rice should be minimized.
- Where possible, governments should make longer term contracts for rice exports and imports to impart greater continuity in trade.
- "Triangular" food aid schemes—in which developed countries finance rice purchases for food aid from developing exporting nations—should be used to promote participation by developing countries in food aid schemes.

—ROBERT A. BIEBER
Grain and Feed Division
Foreign Agricultural Service

Consequently, world rice trade has declined to 6.5 million tons, a level that existed during the late 1950's and early 1960's. The Far East, which accounts for over half the total world rice imports and is showing the largest production increase, is having the greatest impact on world trade. This area consumes over 90 percent of world rice output each year. Therefore, any change in Far Eastern production would affect the area's import requirements and thus influence both the volume of world trade and world prices.

Exceptional needs in such countries as East Pakistan, South Korea, South Vietnam, and Indonesia brought about by flooding, war, or the need to replenish buffer stocks resulted in a slight increase in world rice trade in 1970. However, these requirements may be rather short-lived and do not obscure the picture of a relatively weak import demand and depressed prices in this area of the world.

Reduced import demand in the remaining markets is due either to the ability of importers to supply more of their own domestic requirements or to the utilization of existing stocks. Many of the larger commercial markets, such as West Germany, Benelux, United Kingdom, South Africa, Saudi Arabia, Canada, Switzerland, and Sweden, are not rice producers and must rely on outside sources for their needs. Any reduction in import demand in these markets is generally due to drawing down stocks from previous imports.

The increased rice output, coupled with lagging import demand, has resulted in larger world surpluses and a widening margin by which world supply exceeds import demand. Within the last year rice carry-in stocks increased by over 20 percent, primarily due to a 762,000-ton increase in Japan's stocks.

Japan will have difficulty in disposing of these stocks in world markets since its rice receives a higher degree of support than any other country's and since the surplus consists primarily of short grain varieties. Most markets prefer long or medium grain rice, and the current world price is less than half Japan's support price of US$394 per ton (brown basis).

To bring production down to the estimated consumption level, Japan has instituted a 5-year plan to reduce its rice area to 6.7 million acres. But this will have little effect on reducing the world supply or, therefore, increasing prices. Most countries whose earlier policies aimed at improving their productive capacity now find it extremely difficult to reduce their expanded productive base.

Japan, for example, in an effort to reduce its 7-million-ton surplus, is currently involved in a 2-million-ton surplus disposal program (1.4 million tons for feed, 0.4 million for export, and 0.2 million for industrial use). However, this program will have to be increased by at least 300,000 tons in 1971 to have any effect on the surplus, since production will still exceed consumption by about 2.3 million tons.

Attempting to prevent further stock increases, the more developed exporters —particularly the United States and Japan—are making larger quantities available to areas in need of food aid which are unable to buy commercially. At the same time the European Community, Spain, and Brazil have increased subsidization of their rice exports to help retain existing markets or gain an increased share of the trade. Thailand, the world's second largest rice exporter after the United States, recently removed its export tax on most types of rice. These actions have all contributed to downward pressure on world rice prices.

Long and medium grain rice prices —primarily those traded under private contract—have shown the largest decline in recent years. Consequently, the value of world rice trade in 1969 was below US$1 billion for the first time in several years, and earnings dropped in most developing countries for the fourth successive year.

The United States, also experiencing a decline in rice exports, still leads all other exporters in total rice sales although it accounts for only 2 percent of the world's rice production. The United States attained the position of Number 1 exporter in 1967, when many rice-growing nations were suffering from reduced supplies and had to restrict exports. This decrease in export availabilities was more pronounced in long and medium grain Indica varieties which comprised 87 percent of production in the United States.

Thus, U.S. production rose during 1966–68 to help offset the world export deficit and meet increased import needs of Asian countries such as India, Pakistan, and Indonesia. Suffering from poor balance-of-payments positions, these countries had to acquire their rice under concessional terms. U.S. rice sales under P.L. 480 moved from 38 percent of total U.S. exports in 1965 to over 65 percent of total sales in 1969. The U.S. share of world rice trade rose from 20 percent in 1965 to 28 percent in 1969, but since that time has dropped to about one-fourth.

The relatively high level of rice shipments maintained by the United States since 1965 can be attributed to both dollar and P.L. 480 sales. However, due to a recent decline in commercial exports—which reached their peak in 1968—sales under P.L. 480 now account for over 60 percent of total U.S. exports. Primarily because of this drop

(Continued on page 16)

Japanese farm wives collect rice seedlings for transplanting.

African Countries Step Up Tobacco Production

By ALBERT B. DAVIS
Tobacco Division
Foreign Agricultural Service

The African countries of Tanzania, Uganda, Malawi, and Zambia have taken steps during the past several years to increase tobacco production—with the main emphasis on flue-cured and burley and to a lesser extent fire-cured types.

Perhaps the most important single factor contributing to this added interest in tobacco production has been the United Nation's sanctions against Rhodesian tobacco, which have cut the product out of most of the world market since 1965.

Secondly, since they were all formerly part of the British Empire, Tanzania, Uganda, Malawi, and Zambia receive a duty preference equivalent to about 18.5 cents per pound on their tobacco sold to the United Kingdom.

In addition, Tanzania and Uganda, members of the East African Community under the Arusha Agreement, are receiving duty-free treatment for their tobacco exported to the European Community. This preference saves them about 13 to 15 cents per pound in duty payments. The European Community took 0.5 million pounds from Tanzania and Uganda in 1967, 1.1 million pounds in 1968, and 0.6 million pounds in 1969. Of the EC countries, the Netherlands is the largest importer of East African tobacco.

Thirdly, the four countries have received financial aid including loans to develop their production and exports.

Given existing world tobacco surpluses and the fact that some important cigarette-manufacturing countries are reducing the amount of tobacco per cigarette, the demand for tobacco may not increase as rapidly as the increase in cigarette numbers would indicate. Several new producers of flue-cured and burley tobacco have entered the world market and competition may be keen for the African countries, especially in the cigarette "filler" grades of tobacco.

Malawi. Of the four countries, Malawi is first in tobacco production and exports.

Flue-cured tobacco, which formerly was cultivated only on European-run estates, is now produced both on the estates and on other land cultivated by Malawians. After 1967 the number of growers and the amount of acreage and production increased sharply. In the 1969–70 season, 89 growers produced 10.3 million pounds of flue-cured on 9,800 acres.

Burley production weighed in at 12.5 million pounds in 1970—a 64-percent increase over 1969. Sales of the 1970–71 crop are in progress and higher production is indicated. The 1969–70 burley crop of 12.5 million pounds was produced on 100 estates by 68 growers cultivating about 13,900 acres as compared with only 36 growers and 10,070 acres in 1968–69.

Malawi's sun-air cured tobacco is produced by small holders. The 1969–70 crop of 4.1 million pounds was produced by 7,760 growers on some 13,500 acres with an average yield of about 302 pounds per acre.

Fire-cured tobacco is produced by native Malawians and production fluctuates widely from year to year. In the 1968–69 season, 32,000 growers produced about 10.5 million pounds on 44,200 acres with an average yield of 230 pounds per acre. In 1969–70, from an area of 59,300 acres, 40,124 growers produced 22 million pounds—an increase of 107 percent.

Often in the years when there is a big crop, too much tobacco is crowded into the fire-curing barns and the result is lower-quality leaf.

Malawi received aid from the International Development Association for a project which included plans for increases in tobacco along with certain other crops.

Tanzania. Tanzania is the second largest producer and exporter. Total tobacco production averaged 5.6 million pounds during the 1960-64 period and reached about 27.7 million pounds in 1970. Flue-cured production increased

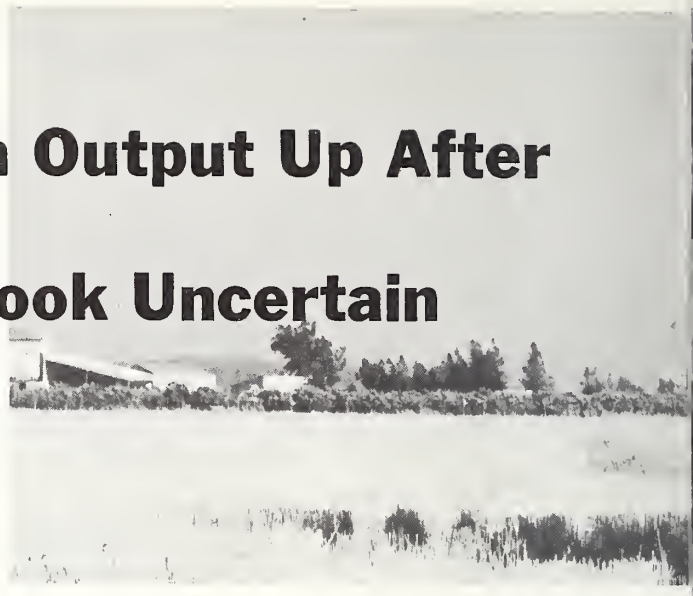
(Continued on page 11)

TOBACCO PRODUCTION AND EXPORTS BY SELECTED AFRICAN COUNTRIES [1]

Country	1960-64 [2] [3]	1965 [2]	1966 [2]	1967 [2]	1968 [2]	1969 [2]	1970 [2]
Production:	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Uganda [4]	5.2	7.2	6.2	9.3	10.7	10.3	11.0
Tanzania [4]	5.7	12.1	12.4	18.0	17.0	26.6	27.7
Malawi	35.5	50.3	41.0	35.6	33.5	28.8	48.9
Zambia	18.9	20.5	16.9	11.9	14.7	12.0	12.9
Exports:							
Uganda	([5])	([5])	1.2	.3	1.1	4.6	([5])
Tanzania	[6] .4	3.7	5.2	9.0	11.1	9.9	([5])
Malawi	[6] [7] 26.0	38.9	35.4	32.6	35.5	35.0	([5])
Zambia	[6] [7] 27.1	21.1	16.1	9.7	7.8	8.3	([5])

[1] Totals of all types of tobacco. [2] Sales begin in February and March for a split crop year; data pertain to year sold. [3] Average. [4] Members of the East African Community which also includes Kenya. [5] Not available. [6] 1964 only. [7] Prorated share of total exports from the Federation of Rhodesia and Nyasaland.

1970 Mexican Farm Output Up After Drought; 1971 Outlook Uncertain



By THOMAS B. O'CONNELL and
JAMES H. STARKEY, III
Assistant U.S. Agricultural Attachés
Mexico City

Mexico's 1970 agricultural production was up from the drought-reduced level of 1969, thanks to ample rains.

Output of most major crops—principally corn, wheat, sorghum, and tobacco—increased, and the livestock situation improved markedly.

The outlook for 1971, however, is now uncertain because of a recurrence of drought in the northern part of the country. Livestock, sorghum, and oilseed production are likely to suffer unless there are rains soon.

Corn. The 1970–71 corn crop is estimated at 8.7 million metric tons, well above last year's drought-stricken crop. This improvement can be attributed to increases in area and yields resulting from improved weather.

Opinion varies greatly on the extent to which corn acreage will increase, if at all, in the near future. Increases for other crops, such as sorghum and oilseeds, which have high price supports, would be more valuable to the farmer.

It can be argued that, with Mexico's growing affluence, the trend will be increasingly away from high-carbohydrate foods. However, very little evidence of such a trend is seen today outside of first-class restaurants and hotels. The corn tortilla remains the staff of life.

Therefore, depending on the weather, corn production over the next 5 years should continue between 8.5 million and 9 million metric tons. A very modest part of this, perhaps 200,000 tons annually, may be available for export, and there will probably be a seasonal reserve carryover of 300,000 tons.

Wheat. Production in 1970 increased by about 8 percent over the previous year's level. The domestic requirement for wheat should be slightly less this year than last, since the need to substitute wheat for other grains—caused by shortages of these grains—no longer exists. Yet Mexico will have no exportable surplus and little carryover.

The 1971 wheat crop in the State of Sonora reportedly will be down by as much as 300,000 metric tons from the 1970 level. There are two possible reasons for this. First, the Federal Government has reportedly cut back water allocations for wheat there, apparently in favor of cotton and safflower. Second, the guaranteed price of 800 pesos ($64) per metric ton in that State, compared with 950 pesos ($76) elsewhere in the country, has discouraged farmers from planting wheat. If wheat production in Sonora does decrease, total 1971 Mexican production will be less than 2 million tons, and both exports and carryover will suffer.

Further development of water storage capacity in the northwest over the next few years should permit wheat production to recover to 2.5 million tons or slightly more by 1975. This would not be enough, however, to cover the population increase of 3.5 percent a year, and supply shortfalls are expected.

Under Government and foreign auspices, research continues toward developing higher yielding varieties of wheat and of triticale, a wheat-rye cross, and toward improved milling characteristics.

Sorghum. Mexico's 1970 sorghum production was about 17 percent above the previous year's. Responsible for the increase were new growing areas—in large part replacing former cotton land in the northeast—along with improved agricultural practices and greater demand for feed. Imports of up to 100,000 tons of sorghum for feed and perhaps some for seed will probably be authorized this year.

Sorghum production is likely to increase in the next 5 years.

Rice. Production in 1969–70, showing the effects of adverse weather, was up only slightly over the 1968–69 volume despite increased area and improved cultivation practices in the main growing areas of Sinaloa and Morelos. The 1970–71 crop, damaged by cold weather in Sinaloa, will decrease, necessitating small imports. However, due to new irrigation areas in the tropical regions, Mexico will probably become at least self-sufficient in rice in the next few years.

Cotton. Production of cotton, once Mexico's leading foreign exchange earner, has dropped a million bales during the past three seasons to a currently estimated 1970–71 crop of 1.4 million bales.

Explanations for the decline include insect damage, burdensome taxation, insufficient water, and strong competition from more profitable food crops. Since the local textile industry requires about 600,000 bales annually, there will be only about 800,000 bales for export from the current crop, with below-normal carryover stocks. (Mexican cotton

goes mainly to Western Europe and Japan.) Cotton production is, however, receiving renewed attention from the present administration: as a labor-intensive crop, it provides more farm employment than many other crops, as well as yielding cottonseed to help satisfy Mexico's expanding demand for oil and meal. Exactly what steps will be taken to reverse the downtrend are not clear at this time; but production probably will recover somewhat with the next crop or two, in response to higher cotton prices this year.

Soybeans. Soybean output was maintained at a normal level even during the drought, as was production of most crops grown mainly under irrigation.

Commercial soybeans are nearly always double cropped and are most frequently sown immediately following the May–June wheat harvest. Since reservoir water was drawn down drastically during the drought, this practice was necessarily curtailed somewhat in 1970. Yields were good; however, since production of other oilseeds, especially cottonseed, was reduced, no soybeans could be exported nor could carryover stocks be maintained.

Approval of about 150,000 metric tons of soybean imports is expected by the end of the 1970-71 season. Almost all Mexican soybean imports come from the United States.

Soybean production in the 1971-72 season is forecast down to about 150,000 tons, perhaps because of the double cropping with wheat, which is expected to experience a considerable decline in production this year.

The oilseed shortage is serious, and there is little chance that cottonseed production will cover it over the next few years. The Government, fully aware of the seriousness of this situation, is expected to take drastic steps to increase production—particularly of soybeans and cottonseed—by early 1972, if not before.

Sugar. The Government of Mexico announced a 48-percent increase in the retail price of sugar in December 1970. The increase is also reflected in the retail price of many commodities containing sugar, such as soft drinks, chewing gum, and fruit preserves.

This is the first price rise in 12 years, despite rising production costs (for chemicals, farm machinery, and mill operation). The long delay in increasing the price had resulted in an undue squeeze on producers and, in many cases, in the subsequent relinquishing of mill control to the Government.

Money derived from the newly increased prices is to be passed on to farmers and canecutters in the form of higher income, housing improvements, and other fringe benefits. Mills will probably now be able to begin much needed renovations.

Assuming a continuing program of price increases commensurate with cost increases, there is likely to be a gradual rise in production over the next 5 to 10 years, beginning in the 1971–72 season. With much of Mexico's milling equipment badly in need of major repair or replacement, however, such an increase is unlikely for at least 3 years.

Tobacco. Tobacco production in 1970 was 63,000 metric tons, about 3 percent above the 1969 level, owing mainly to timely rains in light-tobacco-producing areas. This resulted in higher yields of burley and sun-cured. These same rains, however, caused the flue-cured crop to ripen at a time when labor to harvest it was scarce, and some losses resulted.

Dark-tobacco production in 1970 continued its decrease of the past few years, reflecting growing consumer preference for American blends, which use little of this type. Consumption of tobacco products continued to expand at a rate of about 3 percent annually.

Mexican burley exports in 1970 are expected to total 12,000 metric tons, double 1969 exports. As in past years, West Germany continues to be the principal destination for this tobacco. Dark-tobacco exports, mainly to the United States, are estimated at 3,200 tons, one-third above 1969 shipments.

Tobacco production probably will continue to increase gradually over the next 5 years to keep pace with growing domestic and export demand.

Coffee. Heavy frosts damaged the 1970–71 crop considerably, but stock withdrawals probably will prevent a decline in exports, which go mostly to the United States, as well as to EC countries and Spain. Mexico should be able to fill all quotas this season.

If growing conditions are favorable, production will increase in 1971–72. Although total area is decreasing in marginal zones, yields in times of satisfactory prices are rising because of better management. Domestic consumption is climbing annually by about 3 percent. Stocks at the season's end will be low.

Livestock and meat. In 1970, Mexico saw a complete turnabout in its livestock situation, due principally to ample rains in main producing areas from June through September. This ended the 18-month drought that had prevailed in much of the country and pastures recovered in most areas.

As a result of the general improvement, cattle were slaughtered at much heavier weights during the fourth quarter of 1970. Boneless beef exports were up almost 19 percent to 91.5 million pounds (including meat shipped in bond in 1970 but not entering the United States until 1971). Live cattle exports—mainly to the United States—totaled an estimated 970,000 head, 15 percent over 1969 shipments. Exports of up to 1,000 head of Brahman breeding cattle to Central and South America have been authorized for 1971.

Mexican imports of breeding cattle were down in 1970 to about 12,000 head from 18,000 head last year, mainly as a result of lack of pasture. Cattle imports come mostly from the United States.

On the other hand, lard and tallow imports were up substantially to about 19,000 and 45,000 tons, respectively.

A resurgence of dry weather in the fall of 1970 in the important northern cattle regions, coupled with unusually severe winter freezes, has confronted the local livestock industry with another crisis. If disastrous livestock losses are to be prevented, rains within the next 30 days will be vital.

By JOHN B. PARKER
Foreign Regional Analysis Division
Economic Research Service

South Asia—

Market for U

The countries of South Asia (India, Pakistan, Ceylon, Afghanistan, and Nepal) are turning increasingly to the world market—and the United States in particular—to meet their vegetable oil needs. Currently, they are importing over $100 million worth of such oils a year, compared with $37 million 5 years earlier, and could well take much more if it were not for balance-of-payments problems and resulting foreign exchange restrictions. Of the total import, 80 percent is U.S. soybean oil.

Responsible for the growing dependence on outside sources is an upward spiral in demand for oils, coupled with more-or-less static production of several local oilseeds. This has led to a skyrocketing of prices for indigenous oils, particularly in India. On the Bombay open market, for instance, peanut oil was recently bringing $600 per metric ton, wholesale, or double the price for imported soybean oil.

Also serving to buoy soybean oil sales is the increased consumer acceptance of it as an ingredient in vanaspati —the major hydrogenated vegetable oil used in India—and in other products. Once-strong consumer resistance to soybean oil has been lessened considerably through advertising and educational services provided by vanaspati manufacturers, and today there is a growing market for soybean oil sold as such.

Consumption of vegetable oils in South Asia currently surpasses 3 million tons, with imports supplying about 15 percent of this. In the two largest consumers—India and Pakistan—use has risen by over 25 percent and 100 percent, respectively, during the past decade, and their combined imports of U.S. soybean oil have risen even faster, to 260,000 tons in 1970.

These purchases from the United States, once financed largely under the Public Law 480 program, have shifted increasingly to a cash basis, partly as a result of fund limitations on P.L. 480 sales. The future of such expanded commercial trade will depend on the availability of foreign exchange, the shortage of which currently restricts imports more than do the low incomes of most consumers.

India and Pakistan also import smaller quantities of coconut oil from Ceylon and sunflowerseed oil from the Soviet Union. A further look at their vegetable oil consumption and trade follows:

In India, use of vegetable oils in 1970 reached 2.3 million tons, about half of this peanut oil. In addition, some 600,000 tons of ghee—a semi-liquid, clarified form of butterfat from the milk of cows and buffalo—and butter were consumed. During 1971, use of all vegetable oils is expected to increase some 6 percent, with a good peanut crop allowing for expansion in this oil's use.

Despite the consumption gains, Indian use of edible oils and ghee is still far below that of the United States—11.3 pounds in 1970 compared with 50 for the United States.

Indian imports of soybean oil have jumped from 36,000 tons in 1968, when some arrivals were delayed by shipping problems, to about 130,000 tons in 1970. The United States currently supplies all of these, but some purchases from West European stockpiles are likely in the next few years. Imports of peanut oil from West Africa in exchange for Indian manufactured goods are also likely in the early 1970s as all possible means of easing the vegetable oil shortage are explored.

While most other vegetable oil takings have risen, Indian imports of palm oil have fallen off, largely because of their replacement by sheep tallow—mainly from the United States—in the manufacture of soap. From 37,000 tons in 1963, palm oil imports fell to 1,465 in 1968 and rose only slightly in 1969 and 1970.

Because of its inability to keep up with edible vegetable oil needs, India has for more than a decade banned or restricted exports of edible oils, oilseeds, and peanut meal (an exception being border trade with Nepal). As a result, its once-significant trade in these products has dwindled to about $2 million a year, compared with $24 million 7 years ago. India has, however, been exporting large quantities of deoiled meal.

In Pakistan, consumption of vegetable oils has more than doubled since 1961 from about 220,000 metric tons to nearly 500,000. A rise has also occurred in per capita disappearance, which in 1970 stood at about 8.7 pounds, compared with 6.5 in 1961.

Even greater has been the rise in imports, which now account for 25 percent of the market, compared with only 13 percent a decade ago—this in spite of import duties averaging 40 percent.

A shift from traditional chapattis to other wheat products in West Pakistan has accelerated the demand for cooking

Based on an article by Mr. Parker in the Agricultural Situation in the Far East and Oceania: Review of 1970 and Outlook for 1971, *ERS-Foreign 315, May 1971.*

Rapid population growth, typified by crowded streets like one at far left in Hyderabad, is upping South Asian demand for soybean oil. So, too, are shifting consumption habits aided by nutritionists like one at left showing ways of preparing wheat foods.

Expanding Soybean Oil

oils and shortening. Output of biscuits, buns, loaf bread, French bread, and cake has increased rapidly in Karachi, Lahore, and Rawalpindi. In addition, use of cooking oils for preparing fried potatoes, eggplant, chicken, and rice has increased in all urban areas of Pakistan.

Afghanistan, Nepal, and Ceylon, too, have increased their consumption of vegetable oil, although it is still dwarfed by that of India and Pakistan. Growth in demand has led to the beginning of vegetable oil imports into Afghanistan and Nepal, but these are mainly from sources other than the United States. Ceylon imports some U.S. soybean oil even though it is a net exporter of vegetable oils, largely coconut.

While demand has skyrocketed, production in South Asia has lagged as the so-called green revolution has focused upon grain crops and given little attention to oilseeds.

Peanuts.—Good results for this crop in 1970 have given India and Pakistan a temporary respite from severe vegetable oil shortages. However, sustained growth is illusive because most of the crop is grown on nonirrigated lands and is thus highly sensitive to the vagaries of the monsoon. India, the world's largest producer, had a record 1970 crop of 6 million tons. Prospects for production could be improved if high-yielding varieties were responsive under Indian conditions and planted on a wide scale. Pakistan's production also hit a new high of 128,000 tons, compared with 32,000 in 1964. Yields are usually about one-third those obtained in the United States.

Rape and mustard.—Grown during the winter in South Asia, these oilseeds yield about a fifth of the vegetable oils used in India and about a fourth of those in West Pakistan.

In India, area planted to them has remained relatively stable in recent years at about 7.7 million acres. Yields have improved some, but owing to the growing needs of the rural population, there has been no significant rise in deliveries to processors.

In Pakistan, area has trended upward, totaling 1.9 million acres in 1967–68, when production reached a record 396,000 tons. Most of the increase has been in West Pakistan.

Cottonseed oil.—Indian output has increased slightly in recent years and now approximates 100,000 tons annually. Pakistan's production jumped from 67,000 in 1962 to about 107,000 in 1968, and the oil now accounts for over a third of all vegetable oil used in West Pakistan.

Coconut oil.—Slowly increasing production in India—now something over 200,000 tons annually—has not kept pace with the fast-rising demand for coconut oil from soap and cosmetic manufacturers. Pakistan, on the other hand, imports practically all of its coconut oil requirements. Imports for both countries come from Ceylon, the top supplier; the Philippines; and other Southeast Asian countries.

For Ceylon, the export of coconut oil has proved a volatile business in the last few years. From 120,000 tons in 1964, shipments dropped to less than 60 percent of that level between 1966 and 1969. Then, an excellent 1969 crop made possible a revival of large exports in 1970. New trade agreements with East European countries are likely to result in larger shipments to these countries and in smaller supplies being available for export to India and Pakistan.

In addition to the traditional oilseeds, India and Pakistan have been experimenting with crops new to their regions, with the hope that these might help solve the vegetable-oil shortage. Among them are:

Sunflowers.—In West Pakistan, the Government has given farmers free seed and fertilizer to grow sunflowers, and the production of sunflowerseed in 1969 was estimated at 10,000 tons.

Soybeans.—West Pakistan also has been experimenting with these in some areas between Lahore and Rawalpindi. But the big push has been in India, especially in the northern part of the Gangetic Plain. By 1973 India has hopes of producing 3 million tons of soybeans; however, a production of that magnitude by that date appears unlikely. Currently, some 75,000 acres are in soybeans in the States of Uttar Pradesh, Madhya Pradesh, and Punjab, and 1970 production was about 35,000 tons. Most of the outturn is being purchased by the Indian pharmaceutical industry.

Despite these attempts, imports still represent the only sure way in the short run to solve South Asia's vegetable oil shortage. While they may level off some this year in response to the good peanut crop, they will probably begin increasing again in succeeding years, with the extent of their climb highly dependent on the availability of scarce foreign exchange.

Growing Bakery Production Boosts Flour Consumption In India

Although bakery flour consumption in India accounts for only about 3 percent of total wheat utilization in that country, this figure could increase significantly in the future.

According to a recently completed survey conducted in India, bakery flour consumption has increased 45 percent over the past 2 years—from 250,754 metric tons in 1968 to 367,780 tons in 1970.

The study, carried out under the auspices of Wheat Associates, USA, which promotes U.S. wheat in Asia, also delved into the workings of the bakery industry in rural India. It showed that over 40 percent of all bakery products are consumed in the rural sector but only 22.5 percent are produced there. The balance is supplied by production brought in from urban areas.

The value of all bakery products produced in India in 1970 jumped to the equivalent of US$147.5 million compared with $121.4 million in 1968—an increase in product value of 21.5 percent. The smaller percentage increase in product value compared with the large increases in flour usage was the result of large increases in production of low-cost bakery items, namely bread and buns, compared to much smaller gains in the already highly developed cookie and cake industry.

The study shows there is a large variation in the level of consumption of bakery products in different states and also between rural and urban sectors within each state. There is also a marked variation in the level of consumption of bakery products between different expenditure groups. In urban areas, the highest expenditure group is estimated to consume bakery products valued at 15 times those consumed in the lowest expenditure group. The corresponding multiple for rural areas is as high as 36 to 1.

Bakery production in the rural areas is being carried on in 20,396 bakeries, only 1.2 percent of which use machinery. Most of the machinery is used in the production of cookies; bread is largely produced manually.

Baker prepares buns and bread in small village bakery near New Delhi. Forty percent of all bakery products are consumed in rural India but only half that amount is produced there.

Indian Flour Millers Want U.S. Wheat

Indian flour millers still want to buy U.S. high-protein wheat even though the Indian Government has announced its intention to stop Public Law 840 wheat imports at the end of 1971.

In a letter addressed to the Secretary of Food of the Government of India, the Roller Flour Millers Federation said at least 1 million tons of high-protein American hard red wheat per year are necessary for India's baking industry to function normally.

The Federation notes its pleasure that the country is becoming increasingly self-sufficient in wheat. However, Federation research on the chemical and analytical properties of the various types of wheat now produced in the different States shows that Indian wheat is low in protein, and extraction rates and baking qualities are low as well, the letter states. Higher protein wheats will continue to be needed for blending to meet the requirements of the milling and baking industries.

The imported wheat should be made available to flour mills throughout the country, taking into account the needs of the various regions, according to the Federation letter.

Steady Rise in Philippine Banana Exports—All to Japan—May Lead to Greatly Increased Export Earnings by 1973

Bananas, a traditional crop in the Philippines for centuries, recently began to be exported and may become a major dollar earner by the end of 1973.

Establishment of this new export crop will help reverse the balance-of-trade deficit the Philippines has recorded in the last several years. Because of this drain on dollar reserves, the Philippines has had to restrict imports, including numerous agricultural imports from the United States. As export receipts increase, these restrictions should be relaxed; therefore, banana exports may benefit not only the Philippines, but the United States as well.

Only a few years ago the Philippines started producing the Giant Cavendish banana variety for export to Japan. The first root stock of this variety was brought in from Latin America in 1966, and exports were first made in December 1968. Since that time production and exports have risen steadily.

Averaging 225 tons during 1965–68, banana exports increased to 23,320 tons, with an f.o.b. value of $1.3 million, in 1969 and to 82,017 tons, valued at $5 million, in 1970. The 1971 forecast is for a value of $10 million from 150,000 tons.

Continued export increases are planned for the next several years. Reaching the projected 1973 export value of $35 million would make bananas the sixth largest dollar earner for the country, accounting for about 3 to 4 percent of total export earnings.

Current shipments and those planned for the future are all aimed at the Japanese market. Japan, second only to the United States in the amount of bananas imported, is the only significant banana importer in Asia and presently buys most of its bananas from Taiwan, Ecuador, and the Central American countries. Philippine producers want to absorb all the growth in the Japanese market as well as to displace part of the imports from Japan's traditional suppliers. Several exporters think that in 3 to 4 years the Philippines will supply 50 percent of Japan's banana imports.

Due to its location and climate, the Philippines is able to compete favorably in the Japanese market. Shipping time to Japan is only 5 days compared with 21 from Central and South America. Besides a savings on freight cost, this shorter transport time means a better quality, more marketable banana.

Although shipping time to Japan from Taiwan and from the Philippines is similar, Philippine producers claim that climatic conditions favor their country. In the Philippines, bananas for export are produced on the island of Mindanao, which lies outside the typhoon belt and where the fruit can be harvested all year. In contrast, bananas produced in Taiwan are subject to typhoon damage, and the harvest season lasts only about 7 months.

African Tobacco (Continued from page 5)

from an average 3.5 million pounds in 1960-64 to 19.5 million pounds in 1970 —an average growth of about 30 percent per year.

Further expansion is expected to result from a project financed by a $9 million World Bank loan which was approved in October 1970. The plan is to expand production of flue-cured tobacco by small holders. Under the project some 15,000 new tobacco growers will be settled in 150 village communities. They will cultivate, at full development, 30,000 acres, which will produce an estimated 25–45 million additional pounds of flue-cured tobacco per year.

On the other hand, there may be difficulty educating the growers. Also the increased production may not be marketed as rapidly as planned.

Tanzania's exports reached 11.1 million pounds in 1968 and made up over 80 percent of East Africa's total tobacco exports for the 1966–69 period. The United Kingdom has been the largest market for East Africa's tobacco exports, taking about 75 percent of Tanzania's exports in 1969.

Zambia. Tobacco production in Zambia, formerly the British protectorate of Northern Rhodesia, dropped from 20.5 million pounds in 1965 to 16.9 million pounds in 1966 and declined further to 11.9 million in 1967 because of the exodus of European growers during that period. In 1968 production climbed to 14.7 million pounds.

During the 1960–64 period, flue-cured made up about 87 percent of the total tobacco produced, and burley accounted for most of the balance. Out of the total 12.8 million pounds produced in 1970 flue-curcd production was 11.5 million pounds, and burley about 1.3 million.

Zambia has a new redrying and packing plant which can handle a crop of 40 million pounds. Tobacco officials hope that flue-cured and burley production can be expanded much above present levels.

In 1970 Zambia received a loan from the World Bank for $5.5 million to finance 270 farms of 170 acres each to be run by Zambians. Each farm is supposed to plant 20 acres of tobacco and 40 acres of corn. Plans also include 15 larger farms for Zambians of 500 acres each, and 15 farms for non-Zambians of 500 acres each.

Uganda. A local fire-cured tobacco industry was begun in Uganda in 1913. Flue-cured tobacco production did not begin on a commercial scale until 1942. Around 1968, production of flue-cured began to increase, particularly in the West Nile and Kigezi Districts, while the production of fire-cured tobacco decreased. Total production of fire-cured was only a little over 3 million pounds in 1970; flue-cured production was about 8 million pounds.

In 1970 Uganda received approval for a $4 million loan from the World Bank for the purpose of expanding tobacco production and exports.

Kenya. Kenya produces relatively little tobacco. Production averaged about 1 million pounds per year during 1965 to 1969. Kenya's exports of unmanufactured tobacco are negligible and most of its unmanufactured tobacco import needs at the present time are supplied by Tanzania.

Mexican Bean Output Down Since 1966-67, Area Not Expected To Rise

Mexican production of beans—one of the country's main food staples—dropped 206,000 metric tons in 3 years—from 1 million tons in 1966–67 to 806,000 tons in 1969–70. It is doubtful whether the present level of Government price supports will stimulate farmers to increase bean area.

The 1970–71 crop is forecast in the 850,000–900,000-metric-ton range, but it may turn out to be less. Dry weather affected the fall harvest and the winter crop was reduced by frost—particularly in Sonora and Sinaloa.

Current support prices per metric ton are $160 for black beans and $140 for other kinds. Price supports are granted through the Government's purchase program. No commodity loans are available to producers; however, limited storage capacity in rural areas would severely restrict the effectiveness of a loan program.

Most beans moving commercially are purchased by handlers during the harvest season. Lack of transport and storage and need for funds force farmers to sell their crop immediately at harvest. The support price program appears to increase farmers' income in most years, although the current support price allows the average producer only a small profit margin unless his yield is well above normal.

Adverse weather has reduced yields from 1968–69 through 1970–71. Previously there had been a slight uptrend. Although new bean varieties have been developed by plant breeders, it is estimated that only 2 percent of the planted area has been sowed with these types. Farmers in some Mexican states have planted U.S. varieties.

Black beans usually make up about 25 percent of Mexico's annual crop, while colored beans account for 75 percent. The southern States primarily produce black beans while the central States produce mostly colored beans. Only a few black beans are produced in the northern States although recent favorable yields in Sinaloa may result in increased black bean acreages.

Total area planted to the 1970–71 bean crop is estimated at 4.9 million acres. Since 1965–66, bean area has remained relatively constant and has stabilized at 4.9 million to 5.4 million acres. During the first half of the sixties, the range was from 3.7 million acres to about 5.4 million.

Bean stocks at the beginning of the 1970–71 marketing year were at a low level and market prices were under upward pressure. Production of the current black bean crop is estimated at normal levels but colored bean supplies appear to be short of normal requirements. It appears the Government purchasing agency (CONASUPO) will be unable to obtain sufficient stocks from indigenous sources at present support prices in order to meet anti-inflationary objectives.

Bean imports from the United States may be necessary.—Based on report by

DANIEL E. MCGARRY, *Washington Representative, National Bean Council*

Argentina Limits Raw Hide Exports

The Argentine Government announced last month that Argentina would limit the export of raw cattle hides to 2.5 million pieces in 1971.

Adjustments in the export quota are being considered, including the exemption of shipments to LAFTA countries. This would add about 1 million units to make the total about 3.5 million pieces.

Argentine cattle hide exports during the first 3 months of 1971 totaled 1.4 million pieces, 28 percent fewer than during the same period in 1970. Total exports in calendar 1970 were almost 7.5 million raw cattle hides, most of which went to Italy and East European countries.

It is expected that the United States will be able to supply some of the raw cattle hides that were previously exported by Argentina.

Aid Groups, Government Mark Anniversary

American voluntary agencies last month celebrated the 25th anniversary of their cooperation with the U.S. Government in overseas relief and development. During that time, the agencies distributed well over $12 billion in foreign relief. One-fourth of this was food made available by the Government under Public Law 480.

Private U.S. donors contributed $9.1 billion to these agencies for their overseas relief activities and the U.S. Government augmented these efforts with food donations, reimbursements of ocean freight costs, excess Government property, and financing contracts and grants for project support.

Since July 1, 1954, when P.L. 480 became effective, Government food aid has reached $3.5 billion, plus about $872 million for transportation.

The 25 years of cooperation were commemorated at a 1-day meeting marking the establishment of the Advisory Committee on Voluntary Foreign Aid by President Truman.

The committee was created May 14, 1946 by Presidential directive and serves as a link between the Federal Government and the private agencies.

There are at least 82 agencies registered with the Agency for International Development that support relief programs in 129 countries overseas.

During fiscal 1970, these agencies received $161.2 million worth of agricultural commodities under Title II of P.L. 480. These commodities (in thousands of dollars) were: Wheat flour, 28,647; bulgur, 15,189; cornmeal, 7,115; other grains, 8,409; nonfat dry milk, 53,008; blended foods, 24,186; vegetable oils, 23,186; and other commodities (rice, beans), 1,295.

In addition, $46 million was spent to cover the transportation costs of the commodities sent.

Lebanon Cotton Mill

The International Finance Corporation (IFC)—a member of the World Bank group—is helping to modernize Lebanon's textile industry by making an investment of $930,000 in Filatex S.A.L., a new cotton spinning mill to be located near Beirut.

The Filatex plant, to be built at an estimated cost of $2.4 million, will be equipped with 8,000 spindles and auxiliary equipment and is expected to employ 125 workers.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 23	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	1.96	+2	1.96
USSR SKS-14	1.89	0	(1)
Australian FAQ	1.78	0	1.75
U.S. No. 2 Dark Northern Spring:			
14 percent	1.95	+4	1.86
15 percent	2.00	+4	1.93
U.S. No. 2 Hard Winter:			
13.5 percent	1.92	+3	1.80
No. 3 Hard Amber Durum	1.80	+1	1.91
Argentine	(1)	(1)	1.75
U.S. No. 2 Soft Red Winter	1.78	+2	1.69
Feedgrains:			
U.S. No. 3 Yellow corn	1.76	+3	1.68
Argentine Plate corn	1.78	+1	1.73
U.S. No. 2 sorghum	1.62	+7	1.43
Argentine-Granifero sorghum	1.60	+8	1.42
U.S. No. 3 Feed barley	1.24	−1	1.07
Soybeans:			
U.S. No. 2 Yellow	3.50	+3	3.20
EC import levies:			
Wheat	1.39	0	1.44
Corn [2]	.63	0	.70
Sorghum [2]	.82	−5	.83

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Sugar and Tropical Products

Upper Volta To Produce Sugar

Commercial production of cane sugar is expected to begin at Banfora in Upper Volta by 1973. Some 2,100 acres of land will be planted in sugarcane, and this is expected to produce 5,600 tons of refined sugar. Full production is planned by 1976, when about 5,000 acres will be cultivated to produce 20,000 tons of sugar.

The required investment of some $7 million is to be provided by Grands Moulins de Paris, the Government of Upper Volta, and a loan from the European Development Fund (FED). The FED contribution is chiefly to provide water for irrigation, as well as for use of the town of Banfora.

Upper Volta presently imports all of its sugar requirements in the form of refined sugar. About 9,000 tons, representing 85 percent of sugar imports in 1969, were bought from Congo-Brazzaville. Raw sugar will be imported and refined in Upper Volta beginning in 1972.

Fats, Oils, and Oilseeds

U.S. Oilcakes and Meals, April Exports

Soybean meal exports, at 383,800 tons, edged slightly below the 385,900 tons exported in April 1970. Exports through April of this year reached 2.61 million tons—an increase of 8 percent or 186,900 tons from the October-April total a year ago.

The European Community took two-thirds of the soybean meal exported through April. Larger quantities shipped to France, Belgium-Luxembourg, and the Netherlands brought

U.S. EXPORTS OF CAKES AND MEALS

Item and country of destination	April		October-April	
	1970[1]	1971[1]	1969-70[1]	1970-71[1]
	1,000 short tons	*1,000 short tons*	*1,000 stort tons*	*1,000 short tons*
Soybean:				
Belgium-Luxembourg	12.6	9.5	124.2	177.6
France	60.8	75.2	367.4	437.7
Germany, West	46.3	76.0	588.8	559.8
Italy	20.7	34.0	192.8	184.3
Netherlands	62.9	42.9	363.1	366.6
Total EC [2]	203.3	237.6	1,636.3	1,726.0
Canada	22.7	22.9	153.5	144.6
Yugoslavia	48.7	9.8	104.3	110.7
Hungary	30.8	12.2	97.4	77.6
United Kingdom	5.4	10.5	25.4	64.0
Mexico	.2	20.9	.9	60.7
Denmark	0	10.1	29.1	55.1
Czechoslovakia	0	11.6	5.6	52.5
Poland	18.4	10.9	84.6	44.8
Switzerland	8.2	3.6	51.7	38.4
Philippines	5.2	6.9	26.1	36.6
Bulgaria	12.0	0	21.0	32.9
Ireland	0	0	30.8	30.5
Korea, Rep.	.5	6.3	5.0	21.1
Australia	2.6	2.2	19.8	20.6
Lebanon	7.1	0	14.7	14.1
Vietnam, South	0	1.3	.1	12.8
Spain	0	10.4	34.1	10.7
Trinadad and Tobago	1.4	1.9	6.2	10.5
Others	19.4	4.7	80.5	49.8
Total [2]	385.9	383.8	2,427.1	2,614.0
Cottonseed	1.2	6.4	5.3	26.2
Linseed	0	.5	47.2	36.7
Total cakes and meals [3]	389.8	394.4	2,503.3	2,732.5

[1] Preliminary. [2] Totals computed from unrounded data. [3] Includes peanut and small quantities of other cakes and meals.

the cumulative total to 1.73 million tons—an increase of 89,700 tons from the 1.64 million tons exported in October-April a year ago.

The remaining one-third of the export total, at 888,000 tons, also increased 12 percent, or 97,200 tons above comparable exports last year. Most of the increase was taken by the United Kingdom, Denmark, Czechoslovakia, Bulgaria, Mexico, the Philippines, South Korea, and South Vietnam.

U.S. Soybeans, April Exports

Soybean exports in April, totaling 32.8 million bushels, declined 20 percent, or 8.4 million bushels, from exports in April 1970. Most of the decline was in exports to Canada which, as reported by the Bureau of the Census, include transshipments to destinations unknown at the time of shipment. Despite the decline, however, September-April exports, at 301.9 million bushels, remained slightly ahead of the 300.1 million bushels exported in the same months last year. Heavier exports to West Germany, France, and Japan accounted for the increase in exports through April.

U.S. EXPORTS OF SOYBEANS

Country of destination	April		September-April	
	1970[1]	1971[1]	1969-70[1]	1970-71[1]
	Mil. bu.	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*
Belgium-Luxembourg	1.6	0.4	14.6	11.3
France	1.1	1.2	2.9	8.5
Germany, West	2.6	4.7	27.8	35.8
Italy	1.9	1.4	20.8	19.1
Netherlands	5.8	4.7	44.6	40.1
Total EC[2]	13.0	12.4	110.7	114.8
Japan	8.5	7.6	65.4	70.8
Spain	4.6	4.8	29.3	29.8
Canada	8.8	.6	36.1	24.1
China, Taiwan	1.5	2.7	14.2	14.8
Denmark	.5	1.1	13.2	14.5
Israel	(3)	1.9	7.2	8.3
United Kingdom	.4	.2	7.0	5.0
Norway	1.0	.5	3.9	4.9
Poland	0	.4	4.4	2.7
Mexico	1.7	.2	2.4	2.0
Venezuela	(3)	0	1.4	1.9
Korea, Rep.	.5	0	1.0	1.2
Hungary	(3)	0	.5	1.2
Yugoslavia	0	(3)	0	1.1
Singapore	.2	0	.8	1.0
Portugal	.2	.2	1.0	1.0
Others	.3	.2	1.6	2.8
Total[2]	41.2	32.8	300.1	301.9
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Oil equivalent	451.9	360.3	3,295.0	3,314.4
	1,000 short tons	*1,000 short tons*	*1,000 stort tons*	*1,000 short tons*
Meal equivalent	967.3	771.2	7,052.2	7,093.7

[1] Preliminary. [2] Total computed from unrounded data. [3] Less than 50,000 bushels.

U.S. Edible Oils, April Exports

Soybean oil exports in April were 179.5 million pounds—up 119 percent from the 81.9 million pounds exported in April 1970. October-April exports, at 956.8 million pounds, exceeded the 655.3 million pounds exported through April last year by 301.5 million pounds. The 202.8 million pounds shipped to Yugoslavia during this period represent the major portion of the increase.

Exports as commercial sales, estimated at 572 million pounds, now represent 60 percent of soybean oil exports and have increased 170 percent over comparable sales last year of 212 million pounds. Shipments under Public Law 480 programs totaled an estimated 385 million pounds of which 289 million were Title I shipments and Title II shipments valued at 95.5 million for donations and emergency relief.

Cottonseed oil exports totaled only 18.2 million pounds

U.S. EXPORTS OF EDIBLE OILS

Item and country of destination	April		October-April	
	1970[1]	1971[1]	1969-70[1]	1970-71[1]
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Soybean: [2]				
Yugoslavia	0	48.5	(3)	202.8
Pakistan	9.3	32.1	201.9	174.8
Iran	0	33.9	51.4	82.0
India	24.1	3.2	86.8	78.0
Morocco	6.6	8.8	21.1	64.3
Peru	1.8	2.6	24.7	57.5
Tunisia	6.8	1.8	63.8	41.1
Chile	.9	8.2	15.5	40.7
Canada	4.6	4.8	22.4	29.7
Israel	.4	4.1	18.3	24.3
Haiti	2.1	2.8	12.1	14.7
Panama	1.7	2.5	6.6	14.2
Ecuador	.8	4.8	6.2	12.7
Greece	0	0	0	12.1
Colombia	.6	1.7	8.8	10.5
United Kingdom	.2	4.4	8.6	9.3
Vietnam, South	0	0	4.4	7.2
Jamaica	.2	.2	6.2	6.5
Australia	.6	.3	5.9	6.4
Dominican Republic	0	1.4	10.0	6.3
Brazil	.4	.1	6.7	4.8
Mauritius	0	0	8.8	4.6
China, Taiwan	0	0	0	4.4
Malaysia	0	4.4	0	4.4
Poland	.8	1.9	4.6	4.1
Korea, Rep.	.2	.3	2.9	3.8
Turkey	2.9	.7	6.3	3.8
Guinea	0	0	(3)	3.2
Others	16.9	6.0	51.3	28.6
Total[4]	81.9	179.5	655.3	956.8
Cottonseed: [2]				
Belgium-Luxembourg	0	0	5.6	.7
France	0	(3)	(3)	.1
Germany, West	7.2	0	20.4	29.6
Italy	0	0	(3)	(3)
Netherlands	0	0	26.5	9.4
Total EC[4]	7.2	(3)	52.5	39.8
Venezuela	0	9.4	35.5	39.7
United Kingdom	5.6	4.6	70.1	30.1
U.A.R.	0	0	38.2	21.6
Canada	3.4	2.5	18.4	18.5
Poland	0	0	2.9	17.3
Sweden	0	0	7.9	10.8
Morocco	0	0	7.7	8.8
Mexico	7.6	0	26.4	6.9
Switzerland	0	0	0	4.7
Australia	0	1.5	.1	2.8
Iran	0	0	37.7	1.7
Japan	.1	0	3.1	1.1
Others	.1	.2	33.7	4.0
Total[4]	24.0	18.2	334.2	207.8
Total oils	105.9	197.7	989.5	1,164.6

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 pounds. [4] Totals computed from unrounded data. Bureau of the Census.

compared with 24.0 million pounds exported in April 1970. Exports through April were down to 207.8 million pounds from 334.2 million in October-April last year. Principal markets for U.S. cottonseed oil this year have been Venezuela, the United Kingdom, West Germany, the United Arab Republic, and Poland. Commercial sales were estimated at 198 million pounds and P.L. 480 shipments at 10 million pounds.

Fruits, Nuts, and Vegetables

West German Canned Cherry Import Tender

West Germany has announced a tender allowing imports of canned cherries with or without added sugar from the United States and Canada. Imports must be in containers holding less than 4.5 kilograms (9.9 lb.) net weight.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than December 21, 1971. Licenses issued will remain valid until December 31, 1971.

Prospects Poor for Italian Almond Crop

Italy's 1971 almond crop is forecast at 22,000 short tons (kernel-weight basis)—the lowest level in 10 years. Sudden temperature changes during March, with accompanying snow and frost, resulted in widespread damage to early-blossoming almond trees. The full extent of damage did not become apparent until the fruit set, when an abnormally high drop rate was noted.

Carryover stocks in 1970-71 are expected to be quite high, as producers and processors hold stocks in anticipation of higher prices during the 1971-72 season.

ITALY'S SUPPLY AND DISTRIBUTION OF ALMONDS

Item	1967	1968	1969	1970
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	2.0	4.0	4.0	0.5
Production	43.0	46.0	24.0	39.0
Imports	.3	.3	.5	.4
Total supply	45.3	50.3	28.5	39.9
Exports	31.4	35.1	19.2	22.0
Domestic disappearance	9.9	11.2	8.8	11.4
Ending stocks (Aug. 31)	4.0	4.0	.5	6.5
Total distribution	45.3	50.3	28.5	39.9

Smaller Spanish Filbert Crop Forecast

Forecasts indicate that the 1971 Spanish filbert harvest will reach 22,000 short tons (in-shell basis). Although well below 1970's record 29,000 ton harvest, this would still rank as a large crop by Spanish standards. Exports for the 1970-71 season (September 1970-August 1971) are expected to total 13,000 short tons as compared to 9,700 tons last season with Switzerland and France ranking as the principal markets for Spanish filberts.

Prices are low this season, due to 1970's record world production. Shelled filberts are currently quoted at 57 cents per pound (f.o.b. Spanish port) as compared to 66 cents a year ago.

Large Italian Filbert Crop

Despite fears that adverse weather during March had damaged the 1971 Italian filbert crop, it now appears production will match the record 97,000 short tons (in-shell basis) harvested in 1970. The fruit set well, and crop conditions are reported excellent in all regions. Although several filbert orchards were destroyed during Mt. Etna's recent eruptions, losses were of little commercial importance.

The trade believes that exports during the 1970-71 season (September-August) will total a record 64,000 short tons (in-shell basis). During the first 6 months of the season, exports of shelled filberts totaled 12,000 tons and in-shell shipments reached 14,700 tons. This represents increases of 146 and 24 percent, respectively, over the comparable time period last season.

Turkish Filbert Crop Expected To Decline

Although an official forecast of Turkey's 1971 filbert crop is not available, the trade feels production will total only 155,000 short tons (in-shell basis). If this proves accurate, 1971 production will be well below the large harvests of 1969 (187,000 tons) and 1970 (265,000 tons). The primary reason cited for the low estimate is that filberts are cyclical (alternate-bearing) in nature.

Exports during the first 7 months of the 1970-71 marketing season totaled 111,380 short tons worth $66.9 million. During the same period a year ago exports totaled 142,021 tons worth $79.2 million. The large drop in shipments is attributed to the high minimum export prices set by the Turkish Government. Total exports for the 1970-71 season are projected to be 165,000 tons (in-shell basis) compared to 171,000 tons last year.

New Zealand Hop Production Rises

New Zealand's 1971 hop production is estimated at 1,050,000 pounds—up slightly from last year's 1,026,000-pound harvest. The area under hops totaled 616 acres for the third straight year; however, average yields rose slightly to 1,704 pounds per acre as compared to 1,665 pounds in 1970.

Domestic consumption of hops continued its upward trend, with early estimates placing 1971 demand at 900,000 pounds.

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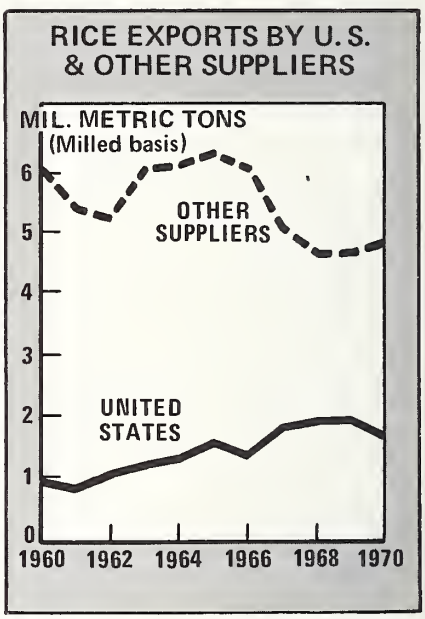
World Rice Trade (Continued from page 4)

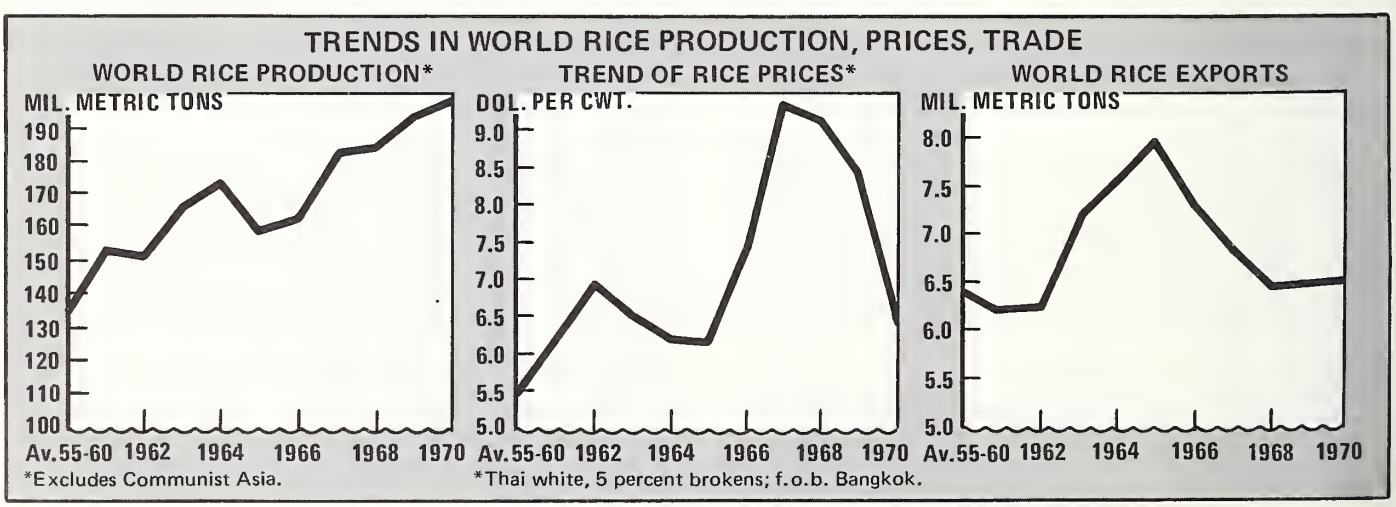
in dollar sales, the U.S. share of world trade fell by about 4 percent in 1970.

Increased price competition and the buildup in world rice stocks have been responsible for the fall in U.S. commercial sales. The pressure from price competition is coming from Argentina, Brazil, Burma, Thailand, Canada, Saudi Arabia, and the European Community.

For some time Western Europe, largest commercial market for U.S. rice, has bought about 90 percent of its long grain rice from the United States. Last year South American exporters introduced larger quantities of long grain rice into the European markets, oftentimes at qualities comparable to U.S. long grain rice and at a price advantage of about $18–$25 per ton. These countries have greatly expanded the production of long grain rice this year, using U.S. Bluebonnet seed rice.

U.S. concessional rice sales also are being affected by a buildup in stocks and increased competition from new suppliers. Japan's combined sales to Indonesia and South Korea increased by over 400,000 tons in 1970; Italy sold 140,000 tons to Indonesia at a price lower than its subsidy. Although the United States ships rice to over 100 countries, Indonesia, South Korea, and South Vietnam account for over 96 percent of all P.L. 480, Title I, rice sales and over half the total U.S. exports. Therefore, total U.S. rice exports will be greatly affected by a reduction in import requirements in these countries, especially if world rice stocks continue to mount.





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